



The Commonwealth of Massachusetts
EXECUTIVE OFFICE OF
HOUSING & ECONOMIC DEVELOPMENT
ONE ASHBURTON PLACE, ROOM 2101
BOSTON, MA 02108

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

GREGORY BIALECKI
SECRETARY

TELEPHONE
(617) 788-3610

FACSIMILE
(617) 788-3605

February 23, 2010
Testimony on H. 4490
Joint Committee on Economic Development & Emerging Technologies

Dear Chairman Dempsey and Chairwoman Spilka:

My name is Greg Bialecki and I serve as the Secretary of Housing & Economic Development for the Patrick-Murray Administration. I am before you today to testify in support of the provisions of H. 4490, Governor Patrick's *Act Providing Job Creation by Small Businesses*, referred to your committee – specifically, the sections **creating a new Massachusetts Growth Capital Corporation**.

Private sector job creation continues to be the top priority of the Patrick-Murray Administration. The economists tell us that small businesses are the first to begin new hiring as the economy recovers from a downturn. Already, we see all around the Commonwealth enterprising small businesses that are making plans for new growth.

In order to support and accelerate these businesses' plans, the Administration proposes to create the Massachusetts Growth Capital Corporation, the state's **“one-stop shop” for debt and equity financing and technical assistance** for small and mid-size businesses that are poised for growth and for job creation. In short, we want to provide businesses one centralized place at the state where they can access both **capital and advice** – we think it is critical to have those two services together.

The new entity would supersede CDFC, EST and MTDC, the three existing state entities that provide these functions today.

The new Growth Capital Corporation would provide significantly better support for small businesses in several ways:

1. The new entity would have more flexible authority to provide any needed type of capital assistance, including working capital loans, loan guarantees, grants and equity investments in small and mid-size companies. The Growth Capital Corporation would continue to place priority

on making capital available for underserved communities, for manufacturing and for emerging technologies, which were the areas of focus of the three prior entities.

2. The new entity would be able to **accept** loans, equity, grants from public and private sources and would actively solicit these kinds of financial leverage.
3. The new entity would be able to match its companies with various kinds of **advice and assistance**, especially intensive one-on-one mentoring and strategic advice, and would dedicate some of its resources to paying for such advice and assistance.
4. The new entity would be able to make grants or loans to qualified regional or local non-profit lenders engaged in business micro-lending.
5. The new consolidated entity would more efficiently use existing staff and resources, and would be a more convenient “one-stop shop” for businesses seeking capital assistance.

This proposal is similar to the *Massachusetts Small Business Finance Corporation* contained in the Senate’s bill, reflecting a common recognition of the significance of these issues. We believe the MA Growth Capital Corporation as described in the Administration’s bill addresses several very important details that will maximize the Commonwealth’s ability to help small businesses in the most effective way. We look forward to working with the committee on this matter and I thank you for giving me the opportunity to testify today.